PRESIDENT'S ADVISORY PANEL ON FEDERAL TAX REFORM

Request for Comments #3

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Following Two-Day Public Meeting
(Submission due June 10, 2005)

The President's Advisory Panel on Federal Tax Reform

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"Request for Comments #3" Patrick B. Gibbons IV Individual

Of the plans presented at the two-day public meeting, one significantly stood out above the others in simplicity, fairness and as an entirely pro-growth policy and system. No other plan presented approaches it comparatively in comprehensive benefit, efficiency, clarity, simplicity OR fairness, much less all these aspects together. That plan is the Fair Tax Plan.

In relation to the statement of Senator John Breaux, Vice-Chairman of the Panel that "Our goal is to provide tax reform options that are simpler, fairer, and pro-growth," the Fair Tax plan as presented meets those objectives, and relative to the other proposals, meets them completely – and exclusively.

It appears that by utilizing our existing sales-tax collection streams to collect tax, that we can legitimately, beneficially and completely eliminate a large chunk of our bureaucratic government (the IRS), and not just reduce, but completely eliminate many different taxes that are actually economic inhibitors (including significantly the personal income tax). Simultaneously, and perhaps even more significant than the actual drastic reduction of government and forms of taxes, are the other results — a slew of economic energizers are unleashed. With no federal business, export or income taxes, businesses, jobs and manufacturing reverse and rapidly flow TO the US. Imagine jobs and businesses beating a path back to the US because it is cheaper, simpler, and more profitable to do business here. Imagine, as an individual, being in control of how much you pay in taxes based only on what you spend. Imagine the ecstasy of the whole populace being able to take home 100% of their earnings!!! Add to people taking home more money the realization that money saved accumulates without tax burden, is only taxed when spent, and the U.S. will definitely see an increase in the level of personal savings.

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In contrast to an income based tax system, the Fair Tax plan actually creates boost rather than drag on the economy. Simply why keep a large costly bureaucracy when another system already in place can do the full job more simply, more fairly, more transparently, and more efficiently?

The only negative possible that I can conceive is for some the loss of existing tax loopholes beneficial to them. What that means is that the only "negative" is the loss of inequities in the current system that are favorable to certain people. When the only negative is that the playing field is flattened and cleared, inequities removed, you don't have any negatives. Every honest citizen in the country benefits.

We've got an engine getting barely a single mile to the gallon (the IRS and our national economy), and can't afford to actually go anywhere in this car (seems we're actually moving backwards with debt increases, trade imbalance increases, etc). Meanwhile, we've just been offered an engine that gets 65 miles to the gallon (Fair Tax – hundreds of billions saved in compliance for individuals and businesses and by the elimination of the operational and maintenance cost of the IRS, multiple efficiency and economic boosting aspects), and all we have to do is the labor of pulling out the old really complicated one that's broke and putting in the new really simple one! And the better news is that most of the new engine is already in place (sales tax systems) and just needs some fairly simple tweaking that will actually strengthen all the parts (states earn additional revenue for something they already do – collecting sales tax...)

The concerns I heard from the panel that day on the Fair Tax were questions on the revenue-neutral rate, compliance enforcement and, more much more subtly, whether enough support could be mustered to get the legislation through. Well the numbers I've

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Individual

seen are convincing to this layman that it would successfully be revenue-neutral, and I

read that the FairTax org folks have solid documentation of the voracity of that claim for

the economists, as well as a very solid depth of data to back it. For compliance, the

system is benefited from the outset by there being much less incentive to cheat or evade

in the first place, in part because an individual's taxes are paid and collected in many

smaller, individual chunks, our new-goods purchases. From my perception, efforts to

defraud would probably involve or require complicity and risk by others reducing both its

allure as well as ease of undetection still more. While we all know there will always be

people trying to cheat the system and figuring out ways to do it, the more transparent and

simple a system, the easier it is to enforce and detect fraud or evasion – is a simpler more

transparent system even possible? As for support, (or I heard the term "political will"

used), aside from winning the lottery, I find no concept as universally appealing or

exciting as everybody being able to take home 100% of their paycheck to do with as they

choose. The politicians who participate in giving that to the people will have a legacy of

positive economic impact like no other in and for MANY decades to come.

I repeat the thought that goes through my head pretty frequently since hearing

about the FairTax plan: "What are we waiting for?!!!?"

Sincerely,

Patrick B. Gibbons IV

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